

**Statement of Rep. Henry A. Waxman, Ranking Minority Member  
Committee on Government Reform  
Hearing on “Looking a Gift Horse in the Mouth: A Post-Katrina Review of  
International Disaster Assistance”**

**April 6, 2006**

This nation is grateful for the outpouring of support from around the world in the aftermath of Hurricane Katrina. Nations large and small generously offered money, supplies, and technical aid to help us recover from this enormous natural disaster. Unfortunately, we'll hear today of a new GAO report that finds serious waste and mismanagement of these international donations.

More than six months after Katrina made landfall, nearly half of the funds donated by other nations have yet to be spent. The Army Corps of Engineers, for reasons unknown, decided not to accept \$60 million of this money for levee reconstruction. As a result, this \$60 million has been sitting in a State Department account that doesn't earn interest. GAO says FEMA could have earned more than a million dollars in interest on this money, but the State Department wanted to keep control of it.

This is bureaucracy at its worst, and the citizens of the Gulf Coast are suffering for it.

The Bush Administration's mishandling of international donations for Hurricane Katrina comes on the heels of its mismanagement of international donations to rebuild Iraq. Just this week, the Army Corps admitted that a project to build 142 health clinics in Iraq would run out of money with just 20 clinics completed, due in part to runaway contractor overhead costs as high as 50 percent. Army Corps officials said they would seek foreign donations to complete the work. But the top World Health Organization official for Iraq found the lack of progress “shocking,” and said, “That's affecting people's expectations and people's trust, I must say.”

The same problems are recurring in the Gulf Coast, except the funds being squandered are for Katrina relief and it is our citizens who are suffering. The State Department and National Security Council, which have no experience administering domestic programs, have been controlling how international donations will be distributed. The Agency for International

Development, which does have experience in rebuilding, seems to have been pushed to the sidelines, just as it was in Iraq.

Meanwhile, donations remain in limbo for months, and other nations question whether their contributions were necessary or appreciated.

We should all be grateful for the generosity of other nations. And we should be equally grateful for the hard work of the many government officials and volunteers who have been working diligently to rebuild the Gulf Coast. But what we need to overcome is the bureaucracy and mismanagement that is frustrating their efforts and impeding recovery in the Gulf Coast.

I commend the Chairman for holding this hearing and hope that this hearing will be a first step toward progress.